

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-05 H-01
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TO SECSTATE WASHDC 6868
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION GENEVA
AMEMBASSY LONDON
AMEMBASSY MADRID
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
AMEMBASSY STOCKHOLM

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USEEC

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TAGS: ELAB PO
SUBJ: COMMUNISTS CONTINUE HOLDING UNIONS IN CHECK

REF: LISBON 5732

SUMMARY:
DESPITE MOUNTING RANK AND FILE DISCONTENT, THE PCP CONTINUES
TO ADHERE TO A TEMPORIZING STRATEGY IN THE LABOR SECTOR.
COMMUNIST LABOR LEADERS HAVE THUS FAR MANAGED TO CONTROL
POTENTIALLY SERIOUS DISPUTES IN MAJOR INDUSTRIES AND HAVE
MADE UNUSUAL CONCESSIONS IN AN EFFORT TO RESOLVE THE
MERCHANT MARINE DISPUTE. THEY HAVE BEEN LESS SUCCESSFUL IN
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THE TOURISM INDUSTRY WHERE UNIONS ARE TENTATIVELY SCHEDULED
TO MEET TOMORROW, SEPTEMBER 1, TO SET A DATE FOR A 42 HOUR
NATIONWIDE STRIKE. NONETHELESS, COMMUNIST ABILITY TO
CONTROL AND MANIPULATE LABOR DISPUTES IS SUBSTANTIAL AND
THE NOBRE DA COSTA GOVERNMENT, LIKE ITS SOCIALIST
PREDECESSOR, WILL PROBABLY HAVE TO WORK OUT A MODUS VIVENDI WITH
PCP UNIONS IF IT INTENDS TO MAKE FURTHER ECOMOMIC RECOVERY.

END SUMMARY.

1. CGTP MODERATION:

LEADERS OF THE COMMUNIST-DOMINATED GENERAL WORKERS CONFEDERATION ARE CLOSELY ADHERING TO PCP DICTATES. THEIR CRITICISMS OF THE NOBRE DA COSTA GOVERNMENT AS IT TAKES SHAPE HAVE BEEN GENERALLY MILD, ALTHOUGH UNDERSCORED WITH STERN WARNINGS AGAINST ANY ATTEMPT TO "DESTROY THE GAINS OF THE REVOLUTION." WITHOUT SPECIFYING WHAT ACTION WOULD BE TAKEN, THE CGTP HAS REPEATEDLY STATED THAT RETROGRESSIVE ACTIONS IN INDUSTRY OR AGRICULTURE WILL NOT BE TOLERATED. THEY MAKE PARTICULAR REFERENCE TO DISINTERVENTIONS OF COMPANIES AND THREATS TO COLLECTIVIZATION IN AGRICULTURE. WARNINGS ASIDE, HOWEVER, CGTP POLICY, AT LEAST FOR PRESENT, CONTINUES TO BE ONE OF MODERATION AND NON-CONFRONTATION.

2. MAJOR INDUSTRIES:

THERE ARE POTENTIALLY SERIOUS LABOR DISPUTES IN VARIOUS STAGES OF DEVELOPMENT IN THE METALLURGICAL, CIVIL CONSTRUCTION, CHEMICAL, GLASS, AND MINING INDUSTRIES. THESE ARE PCP STRONGHOLDS UNION-WISE AND THUS FAR THE COMMUNIST LEADERS HAVE MANAGED TO AVOID ANY MAJOR CONFRONTATION, ALTHOUGH THERE HAVE BEEN SOME WORK STOPPAGES. THE FACT THAT AUGUST AND SEPTEMBER ARE VACATION MONTHS HAS FACILITATED CONTROL BUT LABOR MINISTRY OFFICIALS EXPECT SERIOUS PROBLEMS IN OCTOBER. THEY ARE PARTICULARLY ANXIOUS ABOUT THE METAL AND LIMITED OFFICIAL USE

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CONSTRUCTION INDUSTRIES WHERE EMPLOYEE ASSOCIATIONS HAVE UNITED IN A MOVE TO HOLD THE LINE ON REAL WAGES. SINCE THE 1974 REVOLUTION, THE POWERFUL UNIONS IN THESE TWO INDUSTRIES, OFTEN REFERRED TO AS "COMMUNIST SHOCK TROOPS" HAVE EXACTED GROSSLY INFLATED WAGE PACKAGES FROM EMPLOYERS, PARTICULARLY IN THE 1974-75 PERIOD.

3. MERCHANT MARINE DISPUTE:

THE MERCHANT FLEET CONTINUES PARALYZED DESPITE SIGNIFICANT UNION CONCESSIONS AIMED AT ENDING THE 50 DAY OLD DISPUTE (REFTEL). THE CONCESSIONS CAME ON THE HEELS OF A GOVERNMENT ANNOUNCEMENT THAT WORKERS REFUSING TO WORK OVERTIME COULD FACE A WAGE FREEZE. THE UNION RESPONDED WITH AN OFFER TO RESUME NORMAL WORK SCHEDULES IF THE STATE-OWNED COMPANIES WOULD (1) REINSTATE WORKERS SUSPENDED FOR IGNORING GOP SHIP REQUISITION ORDERS, (2) PAY WAGES WITHHELD DURING THE SUSPENSION PERIODS, (3) MAKE AT LEAST SOME UPWARD ADJUSTMENTS IN GENERAL WAGE SCALES, AND (4) URGE THE ISSUANCE OF A WORK REGULATION (PORTARIA) UNDER WHICH WORK COULD RESUME UNTIL A NEW COLLECTIVE AGREEMENT CAN BE SIGNED. THE COMPANIES

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REFUSED, PREFERRING INSTEAD TO AWAIT THE INSTALLATION OF
THE NEW GOVERNMENT AND REACTIVATION OF GOVERNMENT
DISPUTE-SETTLEMENT MACHINERY.

4. EFFECTS OF THE DISPUTE:

MEANWHILE THE CONSTRUCTION INDUSTRY IN THE NORTH HAS BEEN
HARD HIT BY A SERIOUS SHORTAGE OF CEMENT. BANAMA SHIPMENTS
FROM MADEIRA HAVE BEEN ADVERSELY AFFECTED AS HAVE CATTLE AND
DAIRY SHIPMENTS FROM THE AZORES. THE AZOREAN REGIONAL
GOVERNMENT FOR SEVERAL WEEKS NOW HAS BEEN DEMANDING THAT
ACTION BE TAKEN TO FORCE SEAMEN BACK TO WORK. SHIPPERS IN
THE AZORES HAVE BEEN FORCED TO CONTRACT WITH NON-PORTUGUESE
SHIPPING COMPANIES AND TO CHARTER SPECIAL TAP CARGO FLIGHTS
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AT CONSIDERABLE EXTRA COST IN ORDER TO MOVE PERISHABLE GOODS

AND TO GUARANTEE FUEL SUPPLIES.

5. POSSIBLE HOTEL STRIKE:

REPRESENTATIVES OF HOTEL AND RESTAURANT WORKERS UNIONS AND TOURISM INDUSTRY OWNER ASSOCIATIONS ARE ENGAGED IN LAST HOUR NEGOTIATIONS TO RESOLVE A CONTRACT DISPUTE. AGREEMENT HAS BEEN REACHED ON ALL CONTRACT CLAUSES EXCEPT FOR WAGES. THE OWNERS ARE NO LONGER INSISTING ON WAGE CUT BUT ARE NOT WILLING TO GRANT ANYTHING APPROACHING THE UNION DEMAND FOR A 30 PERCENT WAGE BOOST. THE COMMUNIST LEADERSHIP OF THE UNIONS IS HOPING TO AVOID A STRIKE BUT MAY HAVE TO ACED TO RANK AND FILE PRESSURES TO STRIKE NOW FOR FEAR OF LOSING THE ADVANTAGE OF STRIKING DURING THE HEIGHT OF THE TOURIST SEASON. A MEETING IS TENTATIVELY SCHEDULED FOR SEPTEMBER 1 TO SET A DATE FOR THE STRIKE IF NEGOTIATIONS END WITHOUT AGREEMENT.

6. COMMENT:

THERE IS LITTLE DOUBT ABOUT PCP HEGEMONY IN THE LABOR SECTOR. COMMUNISTS CONTROL UNIONS REPRESENTING 80 PERCENT OF ORGANIZED WORKERS AND ARE STRONGEST IN INDUSTRIES WHICH ARE VITAL FOR THE NATION'S ECONOMY. WHILE IT IS GENERALLY CONCEDED THAT THE CGTP IS NOT CAPABLE OF SUCCESSFULLY CALLING A NATIONWIDE STRIKE OR CONDUCTING STRIKES OF LONG DURATION IN ANY GIVEN INDUSTRY, IT DOES HAVE THE POWER TO DISRUPT INDUSTRY AND TO PUT TENS OF THOUSANDS OF WORKERS IN THE STREETS IN SUPPORT OF LIMITED OBJECTIVES. COMMUNIST LABOR LEADERSHIP ALSO HAS THE POWER TO MANIPULATE LABOR DISPUTES FOR POLITICAL ENDS. HOWEVER, NO ONE IS MORE AWARE THAN THE COMMUNISTS THEMSELVES THAT THIS ABILITY TO INFLUENCE DISPUTES IS NOT OPEN-ENDED OR UNCONDITIONED.

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7. THE MAJORITY OF WORKERS ARE NOT COMMUNISTS. PARADOXICALLY, THE LABOR MOVEMENT IS HIGHLY POLITICIZED, THE WORKERS THEMSELVES ARE NOT. THEY LOOK TO THE CGTP RATHER THAN TO THE POLITICAL PARTIES TO REPRESENT THEIR INTERESTS AND THE FACT THAT IT IS COMMUNIST-DOMINATED IS IMMATERIAL TO MOST OF THEM. IT WAS THE CGTP, THEN INTERSINDICAL, WHICH WON FOR THEM THE PHENOMENAL INCREASES IN WAGES AND BENEFITS DURING THE 1974-75 POST-REVOLUTION PERIOD. NOW, WITH THE GAINS OF THE REVOLUTION DISSIPATED AND THEIR ECONOMIC CONDITIONS DETERIORATING, THE WORKERS ARE RELYING ON THE CGTP FOR PROTECTION AND RELIEF. UNDOUBTEDLY THE PCP LEADERSHIP WOULD PREFER TO KEEP THE LID ON LABOR DURING THIS PERIOD OF POLITICAL UNCERTAINTY. YET AT SOME POINT, THE PCP WILL HAVE TO LOOSEN THE REINS ON THE CGTP OR FACE SERIOUS WORKER DISAFFECTION.

8. THE COMMUNIST DILEMMA IS NOT WITHOUT CONSEQUENCES FOR THE NEW GOVERNMENT. SOCIAL PEACE WILL DEPEND SIGNIFICANTLY ON THE PCP. CONSERVATIVE POLITICAL AND ECONOMIC FORCES ARE URGING A "GET TOUGH WITH LABOR LINE" ON THE NOBRE DA COSTA GOVERNMENT. HARDLINE PROPONENTS ARE CONVINCED THAT WORKERS ARE PREOCCUPIED WITH JOB SECURITY AND IN A CRUNCH WILL TURN AWAY FROM THEIR COMMUNIST LEADERS. THIS DOES NOT TAKE INTO ACCOUNT THE HIGH DEGREE OF WORKER DISCONTENT OR THEIR INCREASING ALIENATION VIS A VIS THE GOVERNMENT AS WELL AS POLITICAL PARTIES. A GOVERNMENTAL "GET-TOUGH" POLICY MIGHT SOMEWHAT DIMINISH THE PCP'S ABILITY TO CONTROL EVENTS IN THE LABOR SECTOR, BUT THE CONSEQUENCES IN TERMS OF ECONOMIC STABILITY AND SOCIAL PEACE WOULD BE SERIOUS. THE NEW GOVERNMENT, LIKE ITS SOCIALIST/CDS PREDECESSOR, WILL PROBABLY HAVE TO WORK OUT A MODUS VIVENDI WITH PCP UNIONS. ROWELL

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